

Title: AMO response to Ofgem's consultation on the "Sub-Deduct Arrangements"

Synopsis: To document the response to Ofgem on behalf of the AMO

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1. Introduction

1.1. Purpose

This document is the response to the open letter from Ofgem dated 18th March 2011, seeking views on the “Open letter consultation on responsibility for Uniform Network Code Sub-Deduct Arrangements”¹.

This response is not confidential.

1.2. Background

The Association of Meter Operators (AMO) is a trade association representing the interests of its members. There are twenty members² on the AMO who include all of the active electricity Meter Operators and the largest gas Meter Asset Managers. Many of these companies also own significant quantities of metering assets, either directly or through associated companies.

1.3. Member Involvement

Many of the AMO members will provide their own response directly to Ofgem. This AMO response does not necessarily represent the agreed views of every member on each issue. This response has been prepared by the AMO Consultant on behalf of the AMO members based on views expressed through individual discussion and meetings over the past year.

The AMO membership is grateful for the on-going dialog with Ofgem on this issue through MAMCoP. The AMO membership would welcome the opportunity to provide any further clarification or discussion of any of the issues raised by this response.

¹ www.ofgem.gov.uk/Pages/MoreInformation.aspx?docid=247&refer=Networks/GasDistr/GasDistrPol

² www.meteroperators.org.uk/members.php

2. Response

Ofgem invited views on:

- *Do you agree with our provisional position?*
- *Please provide reasons. Are there any other considerations that ought to be taken into account before we reach a decision?*
- *Please provide any relevant documentary evidence to support your views*

The AMO members are not in a position to comment on the historic ownership and asset transfers of the pipework. However, we do fully support the desire to find a resolution which avoids the continued uncertainty. Key elements for the AMO members are the following issues:

2.1. Clarity of ownership/responsibility

When taking on the role of MAM for metering equipment it is important to know the limits of responsibility of the GT, MAM and customer equipment. The bespoke legacy arrangements make this difficult to determine on some installations. Where ownership/responsibility is unclear then reporting of problems and corrective action can be difficult to expedite. Where necessary this may result in the equipment being isolated, which may impact one or more customers.

2.2. Competition in metering services

There are constraints on the metering services for sub-deduct arrangements. The metering should be fully competitive, although the meter reading is less competitive where manual meter reading is in use.

It is understood that the following arrangements exist for meter reading: “Currently UNC allows other meter reading agencies to undertake the meter reads at a SD arrangement but this is not fully competitive because only one meter reader is allowed for a particular whole SD arrangement, the meter reading frequency of all the meters must be the same as the frequency for the NDM frequency of the primary meter and all the meters should be read on the same day. Alternatively the transporter (via xoserve) can be appointed as the Meter Reader at a SD arrangement.”

Increasingly with advanced meters and smart metering the provision of metering and reading are combined into a single commercial service. Enabling effective competition in metering services should be a goal when considering the long term arrangements for sub-deduct arrangements.

2.3. Smart metering

The smart metering programme has considered the impact of the sub-deduct arrangements. The current thinking is that the ~2,000 (and falling) sub-deduct arrangements, out of 20m gas metering arrangements are too small to justify full system development of sub-deduct arrangements within the overall system design. The sub-deduct arrangements will therefore continue to be an anomaly resolved using manual arrangements. Further reducing the size/number of the sub-deduct arrangements will minimise the cost/effort of manual workarounds.

2.4. Revenue Protection

The customer of the prime meter is charged for all of the gas not recorded as supplied via a sub-deduct meter. The prime customer is therefore exposed to any unauthorised connections (metered or unmetered) made to the sub-deduct network. This puts an additional burden of responsibility, and possibly cost, on this customer over all other customers connected to that network. The prime customer has no ability to audit or check for unauthorised connections on the sub-deduct network.

The prime customer also has to ‘trust’ xoserve, or gas shipper/supplier, to deduct the correct volume of energy from their meter advance, without the ability to access the sub-deduct meter installations to obtain confirmation readings.